

UNITED STATES DISTRICT COURT

for the

Eastern District of Wisconsin

United States of America
v.
ERICK SANCHEZ PULIDO and
ISRAEL SANCHEZ

Case No. 14-816M(NS)

Defendant(s)

CRIMINAL COMPLAINT

I, the complainant in this case, state that the following is true to the best of my knowledge and belief.

On or about the date(s) of Oct. 8, 2009, through Feb. 9, 2013, in the county of Milwaukee in the
Eastern District of Wisconsin, the defendant(s) violated:

Code Section

Offense Description

18 U.S.C. 371	Conspiracy
18 U.S.C. 513(a)	Securities fraud
49 U.S.C. 32703(2) and 32709(b)	Odometer tampering
49 U.S.C. 32705(a) and 32709(b)	False odometer statements

This criminal complaint is based on these facts:

See attached affidavit

☒ Continued on the attached sheet.



Complainant's signature

Wendell Espeland, Special Agent, NHTSA
Printed name and title

Sworn to before me and signed in my presence.

Date: 03/04/2014

City and state: Milwaukee, Wisconsin


Judge's signature
United States Magistrate Judge Nancy Joseph
Printed name and title

AFFIDAVIT IN SUPPORT OF CRIMINAL COMPLAINT

I, Wendell Espeland, a Special Agent at the National Highway Traffic Safety Administration, Office of Odometer Fraud Investigations ("NHTSA"), being duly sworn, depose and state as follows:

1. I am a Special Agent with NHTSA and have been employed by NHTSA since July 2005. As such, I investigate, among other things, violations of federal odometer and related laws. I gained experience in the conduct of such investigations through previous case investigations, formal training, and consultation with law enforcement partners in local, state, and federal law enforcement agencies. I am based in Kansas City, Missouri, and the area my office covers includes Wisconsin.

2. I am also a deputized U.S. Marshal. As such, I am a "federal law enforcement officer" within the meaning of Federal Rule of Criminal Procedure 41(a)(2)(C) and am authorized to investigate violations of laws of the United States and to execute warrants issued under the authority of the United States.

3. This affidavit is being submitted in support of a criminal complaint charging Erick Sanchez Pulido and Israel Sanchez with conspiracy, in violation of 18 U.S.C. § 371; odometer tampering, in violation of 49 U.S.C. §§ 32703(2) and 32709(b); providing false odometer statements, in violation of 49 U.S.C. §§ 32705(a) and 32709(b); and securities fraud, in violation of 18 U.S.C. § 513(a).

4. The information supplied in this affidavit is based upon my investigation and information provided and investigation conducted by other law enforcement personnel in this matter to date. Since this affidavit is being submitted for the limited purpose of securing a criminal complaint, I have not set forth every fact related to or otherwise the product of this investigation.

PROBABLE CAUSE

5. Beginning by at least October 2009, and continuing through the present, Erick Sanchez Pulido and Israel Sanchez have been involved in purchasing at least 146 high-mileage vehicles at Wisconsin auto auctions, rolling back the odometers, altering the mileage statements on the vehicles' titles, and selling the vehicles with false low odometer readings to unsuspecting victims in Wisconsin, Illinois, and elsewhere. The documentary evidence that has been collected and reviewed, which shows the odometer rollbacks, includes purchase and sale records, auction records, and title histories.

6. Erick Sanchez Pulido and Israel Sanchez purchased and caused to be purchased high-mileage cars, trucks, vans, and SUVs from auto auctions in Milwaukee, Fond du Lac, and Jefferson, Wisconsin. Most of the vehicles were purchased by Erick Sanchez Pulido; some of the cars were purchased by Israel Sanchez; and additional vehicles were purchased by an associate who then transferred the cars to Erick Sanchez Pulido or Israel Sanchez.

7. To buy vehicles at a Wisconsin auto auction, an individual must have a buyer's license from the Wisconsin Department of Transportation ("WDOT") and must work for a car dealership that has a dealer's license from any state. (If a dealership has a valid dealer's license, the owner of the dealership is not required to also have a buyer's license.) Erick Sanchez Pulido and Israel Sanchez initially gained entry to the Wisconsin auto auctions with a purported Michigan dealer's license for Prestige Auto. In or around August 2013, WDOT learned that Prestige Auto's purported Michigan dealer's license was fake and stopped Erick Sanchez Pulido and Israel Sanchez from buying cars at Wisconsin auto auctions for Prestige Auto. The Social Security numbers Erick Sanchez Pulido and Israel Sanchez provided to obtain Wisconsin buyer's licenses also were false. Nonetheless, Erick Sanchez Pulido currently has a buyer's license and

continues to buy cars at Wisconsin auto auctions for Ride in Style Motors Inc., which has a dealer's license from Illinois.

8. After purchasing the vehicles, Erick Sanchez Pulido and Israel Sanchez caused the vehicles' odometers to be rolled back to lower mileage figures. (Vehicles with such altered odometers are called "rolled-back vehicles" below.) Over the course of this investigation, WDOT investigators have documented 146 rolled-back vehicles, some with electronic odometers and others with analog odometers. One method to roll back an odometer is to use an electronic reset device to reset an electronic odometer. Another method is to swap out a high mileage instrument cluster with a low mileage instrument cluster purchased from a salvage yard.

9. Erick Sanchez Pulido and Israel Sanchez caused to be altered vehicle titles and other ownership documents to show false low mileages for the rolled-back vehicles. A Wisconsin vehicle title is a two-sided document. On the front of the title, the Wisconsin Division of Motor Vehicles imprints the name of the vehicle's owner and the odometer reading at the time the title is issued. The reverse side of the title (and the bottom of some older titles) contains several blank sections that can be filled out by hand and used for reassignment of the title. A dealer who purchases a vehicle from another dealer is generally not required to title the vehicle. The ultimate retail customer is required to title the vehicle. When re-selling the high-mileage vehicles, Erick Sanchez Pulido and Israel Sanchez caused the mileage statements on the reverse side of title to be altered from accurate, high-mileage statements to false, significantly lower-mileage statements.

10. For some vehicles, Israel Sanchez went in person to a Wisconsin Division of Motor Vehicles' office, filled out an application for a Wisconsin title and license plate for the high-mileage vehicle that had been purchased at auction, and presented the previous title on which the

mileage statements on the reverse side of the title had been altered. Through the fraudulent information he submitted, Israel Sanchez obtained a Wisconsin title in his name that contained a false low-mileage statement. Israel Sanchez, Erick Sanchez, or an associate then used the Wisconsin title with the false low-mileage statement to sell the vehicle to an unsuspecting victim. In at least one instance, Erick Sanchez Pulido undertook the same fraudulent procedure, using a Wisconsin title on which the mileage statement had been altered, to obtain from the Illinois Secretary of State an Illinois title in his name that contained a false low-mileage statement.

11. For other vehicles, Erick Sanchez Pulido and Israel Sanchez did not obtain a new title, but used the altered mileage statements on the reverse side of the existing title to sell the vehicle. The victim who purchased the vehicle then submitted those documents to obtain a new title that included the false low mileage.

12. Erick Sanchez Pulido, Israel Sanchez, and their associates have sold the rolled-back vehicles (a) at auto auctions in Milwaukee, Jefferson, and Portage, Wisconsin, (b) to a car dealer in Appleton, Wisconsin, and (c) to individuals in Wisconsin, Illinois, and Indiana.

13. The following are details regarding six vehicles whose odometers Erick Sanchez Pulido and Israel Sanchez were involved in rolling back:

a. On or about July 8, 2010, Israel Sanchez purchased a 2004 GMC Yukon (VIN 1GKFK66U54J180663) with 182,660 miles at the Badger State Auto Auction in North Fond du Lac, Wisconsin. On or about September 2, 2010, Israel Sanchez provided the Wisconsin Department of Motor Vehicles' ("DMV") office in Kenosha with a title on which the mileage statement at the time of purchase was altered from 182,660 miles to 82,660 miles by altering the first digit from a one to a zero. Israel Sanchez fraudulently obtained a forged and counterfeit

Wisconsin title for the vehicle, which falsely indicated that the current mileage was 84,357 miles. On or about September 3, 2010, Israel Sanchez sold the vehicle to an individual from Illinois with the fraudulently obtained forged and counterfeit Wisconsin title that falsely indicated the current mileage was 85,394 miles.

b. On or about August 17, 2010, Erick Sanchez Pulido purchased a 2003 Chevrolet Express (VIN 1GCHG39U431188123) with 226,699 miles at the Jefferson Mid-State Auto Auction in Jefferson, Wisconsin. On or about September 9, 2010, Israel Sanchez provided the Wisconsin DMV office in Fond du Lac with a title on which the mileage statement at the time of purchase was altered from 226,699 miles to 86,699 miles. Israel Sanchez fraudulently obtained a forged and counterfeit Wisconsin title for the vehicle, which falsely indicated that the current mileage was 87,122 miles. On or about January 6, 2011, Erick Sanchez Pulido sold the vehicle at the Greater Milwaukee Auto Auction with the fraudulently obtained forged and counterfeit Wisconsin title that falsely indicated the current mileage was 102,056 miles.

c. On or about December 21, 2010, Erick Sanchez Pulido purchased a 2003 Chevrolet K1500 (VIN 3GNFK16ZX3G197783) with 302,965 miles at the Jefferson Mid-State Auto Auction in Jefferson, Wisconsin. On or about January 6, 2011, Israel Sanchez provided the Wisconsin DMV office in northwest Milwaukee with a title on which the mileage statement at the time of purchase was altered from 302,965 miles to 92,965 miles. Israel Sanchez fraudulently obtained a forged and counterfeit Wisconsin title for the vehicle, which falsely indicated that the current mileage was 94,018 miles. On or about January 6, 2011, Israel Sanchez sold the vehicle to a Wisconsin car dealer from Appleton with the fraudulently obtained forged and counterfeit Wisconsin title. Israel Sanchez falsely indicated at the time of the sale that the vehicle's current mileage was 97,231 miles.

d. On or about September 8, 2011, Erick Sanchez Pulido purchased a 2004 GMC Envoy (VIN 1GKDT13SX42358037) with 203,143 miles at the Greater Milwaukee Auto Auction in Jefferson, Wisconsin. On or about October 12, 2011, Erick Sanchez Pulido provided an Illinois DMV office with a title on which the mileage statement at the time of purchase was altered from 203,143 miles to 83,143 miles. Erick Sanchez Pulido fraudulently obtained a forged and counterfeit Illinois title for the vehicle, which falsely indicated that the current mileage was 84,200 miles. On or about November 10, 2011, Erick Sanchez Pulido sold the vehicle to an individual from Kenosha, Wisconsin, with the fraudulently obtained forged and counterfeit Illinois title that falsely indicated the current mileage was 89,879 miles.

e. On or about February 7, 2013, an associate of Erick Sanchez Pulido and Israel Sanchez purchased a 2005 Mercury Mariner (VIN 4M2YU56105DJ10710) with 223,971 miles at the Greater Milwaukee Auto Auction. Erick Sanchez Pulido picked up the vehicle from the auction. On or about February 9, 2013, Erick Sanchez Pulido, Israel Sanchez, or an associate sold the vehicle to an individual from Chicago, Illinois, with a forged and counterfeit Wisconsin title that falsely indicated the current mileage was 85,000 miles. On the forged and counterfeit Wisconsin title, the mileage statement for the February 7, 2013 transaction was altered from 223,971 miles to 83,971 miles.

f. On or about January 16, 2014, Erick Sanchez Pulido purchased from an Illinois car dealership a 2004 Acura (VIN 19UUA66294A013874) with 191,708 miles at the Greater Milwaukee Auto Auction. On or about February 2, 2014, Israel Sanchez sold the vehicle to an individual from Johnson Creek, Wisconsin, with a forged and counterfeit Illinois title. Because this transaction was so recent, not all of the relevant documents have been obtained as yet, but the documents that have been obtained show that the original Illinois title indicated that there

were 191,697 miles on the vehicle when it was acquired by the Illinois car dealership on December 30, 2013. On the forged and counterfeit Illinois title that Israel Sanchez provided to the Wisconsin victim on February 8, 2014, that mileage statement had been altered from 191,697 miles to 101,697 miles.

14. Based on the facts as I have stated them in this affidavit, I submit that there is probable cause to believe that Erick Sanchez Pulido and Israel Sanchez have committed the following crimes:

a. Odometer tampering: A person may not “disconnect, reset, alter, or have disconnected, reset, or altered, an odometer of a motor vehicle intending to change the mileage registered by the odometer.” 49 U.S.C. § 32703(2). Knowingly and willfully violating this provision is a criminal offense punishable by up to three years in prison. 49 U.S.C. § 32709(b). With the intention of rolling back the odometers, Erick Sanchez Pulido and Israel Sanchez purchased most of the 146 vehicles at auto auctions in Milwaukee and Fond du Lac, within the Eastern District of Wisconsin. I do not know who is rolling back the odometers; however, there is ample evidence that Erick Sanchez Pulido and Israel Sanchez are causing the odometers to be rolled back and are aiding and abetting the rollback of the odometers, which is sufficient to sustain a conviction. *See United States v. Lee*, 401 Fed. Appx. 336, 339 (10th Cir. 2010) (unpublished) (intent to cause the odometers to inaccurately register mileage sufficient to sustain § 32703(2) conviction). Similarly, I do not know where the odometers are rolled back; however, purchasing vehicles in the Eastern District of Wisconsin, with the intent to alter and tamper with the mileage, is sufficient to prosecute the crime in the Eastern District of Wisconsin. *See United States v. Armetta*, 1999 WL 717262, at *2-4 (4th Cir. 1999) (unpublished) (affirming 49 U.S.C. § 32703(2) conviction in North Carolina, where the cars were purchased, even though the

odometers were rolled back in Virginia and Maryland). Thus, there is probable cause to believe that Erick Sanchez Pulido and Israel Sanchez caused to be reset and altered the odometers of used motor vehicles, in violation of 49 U.S.C. §§ 32703(2) and 32709(b).

b. Making false odometer statements: A person transferring ownership of a motor vehicle is required to disclose the mileage on the odometer. 49 U.S.C. § 32705(a). Knowingly and willfully violating this provision is a criminal offense punishable by up to three years in prison. 49 U.S.C. § 32709(b). Erick Sanchez Pulido and Israel Sanchez each provided false low-mileage statements when selling vehicles in the Eastern District of Wisconsin. Consequently, there is probable cause to believe that Erick Sanchez Pulido and Israel Sanchez made false statements in the written disclosures to buyers relating to the actual mileage of used motor vehicles, in violation of 49 U.S.C. §§ 32705(a) and 32709(b).

c. Securities fraud: “Whoever makes, utters or possesses a counterfeited security of a State . . . or whoever makes, utters or possesses a forged security of a State . . . with intent to deceive” faces up to 10 years in prison. 18 U.S.C. § 513(a). Vehicle titles are “securities” for purposes of 18 U.S.C. § 513. “Security” is defined to include “an instrument evidencing ownership of goods, wares, or merchandise.” 18 U.S.C. § 513(c)(3)(B). “The term ‘counterfeited’ means a document that purports to be genuine but is not, because it has been falsely made or manufactured in its entirety.” 18 U.S.C. § 513(c)(1). “The term ‘forged’ means a document that purports to be genuine but is not because it has been falsely altered” 18 U.S.C. § 513(c)(2). There is probable cause to believe Erick Sanchez Pulido and Israel Sanchez made and possessed forged securities, in violation of 18 U.S.C. § 513(a), when they caused the mileage statements on the existing motor vehicle titles to be altered and then used the altered titles to sell the vehicle or obtain a new title for the vehicle. There is also probable cause to

believe Erick Sanchez Pulido and Israel Sanchez made and possessed counterfeited securities, in violation of 18 U.S.C. § 513(a), when they caused WDOT (in numerous instances) and the Illinois Secretary of State (in at least one instance) to falsely make new titles with false low-mileage statements. In so doing, Erick Sanchez Pulido and Israel Sanchez acted with the intent to deceive purchasers of the vehicles corresponding to the titles.

d. Conspiracy: Based on the evidence described above, there is also probable cause to believe that Erick Sanchez Pulido and Israel Sanchez conspired with each other to commit offenses against the United States, contrary to 18 U.S.C. § 371, including conspiring to (1) cause the odometers of used motor vehicles to be reset and altered, in violation of 49 U.S.C. §§ 32703(2) and 32709(b); (2) make false statements in the written disclosures to buyers relating to the actual mileage of used motor vehicles, in violation of 49 U.S.C. §§ 32705(a) and 32709(b); and (3) make, utter, and possess counterfeited and forged securities, in violation of 18 U.S.C. § 513(a).